

**Don Cortez**  
22628 Foothill Blvd  
Hayward, Ca. 94541  
510-733-2171 ofc./510-581-9203 fax

May 19, 2003

Clayton & Mary Keats  
C-The Doctor Transmission  
16611 East 14<sup>th</sup> St.  
San Leandro, Ca. 94578

Dear Clayton & Mary:

As I discussed on the phone on Thursday May 16, 2003 the bank putting the new loan on the property will need a Phase II report of your property. This will be done by Piers Environmental Service, Inc. Their cost is \$ 3,040 and will entail drilling six 1-2 foot sample holes. (see proposal attached for locations).

To meet the closing deadline of June 6, 2003 I will need a check to deliver to Piers in San Jose on Monday May 19, 2003 in the amount of \$1,500. This will be reduced from the \$3,250 you agreed to in the sales contract. My broker and I will pay the \$ 750 to EARS for the second report they did. Piers will be contacting you for access to the areas for inspection.

Sam and Aiina Khan will be giving me a check of \$ 1,540 for their part of the inspection as well. Hopefully this will be the final part of the inspections that will allow the escrow to close. The appraisal will be done this week or early next week according to the bank.

God Bless,



Don Cortez

Copy to: Sam & Aiina Khan

**PIERS****Environmental  
Services, Inc.**1330 S. Bascom Ave., Suite F  
San Jose, CA 95128

Tel (408) 559-1248 Fax (408) 559-1224

**Limited Phase II Soil Sampling  
Estimate and Proposal****SUBMITTED TO:**Mr. Tom Cook  
First Northern Bank  
4600 Northgate Blvd, Suite 115  
Sacramento, CA 95834  
(916) 567-6270Don Cortez  
L+S Preferred  
Properties, Inc.  
174 Russel Way  
Hayward, CA 94541**SITE LOCATION:**16611 East 14<sup>th</sup> Street  
San Leandro, CA**PURPOSE**

PIERS was provided with the Conclusions and Recommendations section of a Phase I Environmental Site Assessment for the subject Property. It was determined that, over time, the Property had been used for auto sales and repair from approximately 1953 to the present. The purpose of this investigation is to determine if the previous site activities have impacted soil quality at the Property. This proposal assumes the client will provide complete access to the site location before the sampling date.

**REQUIREMENTS**

The client wishes to determine if any soil has been impacted by previous site activities at the subject Property. PIERS proposes advancing six soil borings in specific areas of the Property and taking one near surface soil sample from each boring location. Six soil borings will be advanced in specific areas of the Property: the parts washing area, two transmission storage racks, the hydraulic lift area, oil storage area, and next to an oil drum. A total of six soil samples will be collected from depths of 1-2 feet below grade and submitted for laboratory analyses. The soil samples will be analyzed for specific constituents including motor oil, transmission fluid, hydraulic fluid, Total Oil & Grease, and solvents. The client will provide full access to the site prior to the sample date.

**PROPOSED SCOPE OF WORK**

1. PIERS will advance soil borings by concrete coring and then using a hand auger to collect soil samples at six locations at the subject Property. Includes: all equipment and materials, service vehicles, and sampling. PIERS will pay for all permits. Also includes a Certified Engineering Geologist on site, all permitting and co-ordination with the City of San Leandro and County of Alameda agencies. **\$1,800**

2. The samples will be properly labeled, documented with a Chain of Custody, and transported for analyses to a State Certified Laboratory in an ice chest.

- 3. Provide analytical testing for Total Petroleum Hydrocarbons as Motor Oil (TPH-mo), TPH as hydraulic fluid and TPH as transmission fluid by EPA Method 8015C; Total Oil & Grease (O&G) by EPA Method 1664 and solvents by EPA Method 8260. A total of six soil samples will be analyzed.

4 EPA Method 8015C @	\$60	\$240
1 EPA Method 8260 @	\$190	\$190
1 EPA Method 1664 @	\$60	\$60

- 4. Prepare and provide a technical report to include a description of all work performed, results of investigation, and analytical test results and interpretation.

\$750

**PROPOSED COST: \$3,040**

**LIMITATIONS**

\* This cost proposal does not include: contamination clean up or additional investigations, any product disposal, disposal of contaminated soils, any additional sampling costs if requested by regulatory agencies, remedial actions for contamination of soil or groundwater

PIERS is not responsible for unstable soil, unforeseen structures, cables, conduits, underground piping, rock, high water table or conditions created by acts of God. Additional charges may be incurred if any of the foregoing conditions are encountered

In the performance of the scope of services indicated hereunder, PIERS will take reasonable precautions to avoid damaging buried structures and utilities. PIERS will offer the Client the opportunity to approve all sites for subsurface investigation and/or excavation in the field. The Client assumes all liability for claims allegedly arising out of damage to buried structures and utilities that were not called to PIERS' attention, which were not properly located on plans furnished to PIERS or which were not properly located by locating companies called to the site by or on behalf of the Client to identify such structures and utilities

Insofar as job-site safety is concerned, PIERS is responsible solely for its own and its employees activities on the job-site, but shall not be construed to relieve the Client, the Owner or any construction contractors from their responsibilities for maintaining a safe job-site. Neither professional activities of PIERS, nor the presence of PIERS or its employees and subcontractors, shall be construed to imply PIERS has any responsibility for methods of work performance, supervision, sequencing of construction, or safety in, on or about the job-site.

The Client agrees that, to the fullest extent permitted by law, PIERS' total liability to the Client shall not exceed the total amount of this contract for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to this Agreement from any cause or causes, including but not limited to PIERS' negligence, errors, omissions, strict liability, breach of contract or breach of warranty. Services performed by PIERS under this agreement will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of the profession in the same locality under similar conditions. No other representations, express or implied, and no warranty or guarantee is included or intended in the agreement, or in any report, opinion, document or otherwise.

**TERMS OF PAYMENT**

A deposit of \$1,500 is due prior to work commencing on the project. The balance of the project is due prior to release of the final report.

**ACCEPTANCE AND AUTHORIZATION TO PROCEED**

The above price, specifications, conditions and limitations are satisfactory and are hereby accepted. PIERS Environmental Services, Inc. is authorized to complete this work as specified

AUTHORIZATION

*Donald Cortez* Agent for Clayton & Mary Keats  
 Name Title and Signature Date 5/19/03  
*Alan*